

# ETEXT ATTACHMENT

12/27/2002 22 : 39

December 27, 2002

Brandy Phillips  
Reports Analysis Division  
Federal Election Commission  
999 E St., NW  
Washington, DC 20463

Identification Number: --C00307405

Reference: October Monthly Report (9/1/02-9/30/02)  
12 Day Pre-General Report (10/1/02-10/16/02)

Dear Ms. Phillips:

This letter is in response to your requests for additional information, dated December 11, 2002 and received by the Keep Our Majority PAC on December 23, 2002.

You indicate that "PAC Administration/Fundraising" is not an acceptable description of the services performed by John McGovern. John McGovern is the PAC Administrator and Manager. This description encompasses all services provided by an individual who directs the activities of the PAC. Furthermore, we have responded to this issue (raised in an earlier request by your office) in a letter dated December 17, 2002. We also spoke by telephone, and you directed me to change the disbursement description to PAC Administrator/Manager on future reports.

You also indicate that "Fundraising Consulting" is an unacceptable description for administrative costs. However, allocations between nonfederal and federal accounts based on the "funds received" method are specifically for "direct costs of a fundraising program or event" 11CFR§106.6(b)(2)(ii). Allocations between nonfederal and federal accounts based on the "funds expended" method are used for administrative costs, which include "rent, utilities, office supplies and salaries, except for such expenses directly attributable to a clearly identified candidate" 11CFR§106.6(b)(2)(i). Consulting fees paid for political consultants, fundraising consultants, accounting consultants and PAC Management fees are not specifically addressed by the regulation, but clearly would be included in the administrative category, because they are similar to salaries. Because the Fundraising Consulting payments have not been associated with specific fundraising events or programs, these payments are included in the administrative category and allocations are based on the "funds expended" method 11CFR§106.6(c)(1).

The above-mentioned reports have been amended, at your direction, to itemize the disbursement description for John McGovern as "PAC Administrator/Manager."

Sincerely,

Lisa R. Lisker  
Assistant Treasurer